Message Text

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PAGE 01 MEXICO 10884 011522Z ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 L-03 FRB-03 OMB-01 ITC-01 SP-02 USIA-06 AGRE-00 AID-05 CIAE-00 COME-00 INR-07 IO-13 LAB-04 NSAE-00 OIC-02 EPG-02 SIL-01 STR-04 TRSE-00 CEA-01 AF-10 EA-07 EUR-12 NEA-10 /112 W

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R 292354Z JUN 77 ZDK FM AMEMBASSY MEXICO TO SECSTATE WASHDC 3216

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EO 11652: N/A

TAGS: UNCTAD, ETRD, MX

SUBJECT: SUGAR: DISCUSSIONS WITH GEPLACEA OFFICIAL ON RECENT ISA NEGOTIATIONS

- 1. EMBASSY OFFICERS MET RECENTLY WITH DR. MANUEL DIAZ FRANJUL, ASSISTANT SECRETARY FOR MARKETING AND STATISTICS OF GEPLACEA, AT HIS REQUEST. HE REVIEWED EVENTS OF THE RECENT ISA NEGOTIATIONS AND MADE SEVERAL COMMENTS ABOUT HOW HE NOW SEES THE SITUATION.
- 2. DIAZ REMAINS OPTIMISTIC THAT AN INTERNATIONAL SUGAR AGREEMENT CAN BE REACHED. HE URGES, HOWEVER, THAT THE MOST IMPORTANT PREREQUISITE WILL BE A CLEAR RECOGNITION BY IMPORTERS OF THE LIMITED FINANCIAL CAPACITIES OF THE SMALLER EXPORTING COUNTRIES. THE SIZE OF ANY SPECIAL STOCKS AND THE NATURE OF THEIR FINANCING, FOR EXAMPLE, LIMITED OFFICIAL USE

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PAGE 02 MEXICO 10884 011522Z

WILL BE OF VITAL IMPORTANCE TO A SMALL EXPORTER.
(REGARDING TRADITIONAL STOCKS, HE MENTIONED THAT THE
POSITION OF THE DOMINICAN REPUBLIC WILL BE THAT THEY NOT
EXCEED SEVEN PERCENT OF TOTAL PRODUCTION.) HE FURTHER
PCINTED OUT THAT A POOR COUNTRY WHOSE ECONOMY DEPENDS
HEAVILY ON SUGAR MUST NATURALLY FIRST SEEK PRICE STABILITY
AND PREDICTABLE MARKET ACCESS COMMITMENTS.

- 3. DIAZ WAS CRITICAL OF THE U.S. TACTIC OF INTRODUCING NEW PROPOSAL AFTER THE BEGINNING OF NEGOTIATIONS WITH NO PRIOR DISCUSSIONS. HE POINTED OUT THAT THE LACK OF TIME NEEDED FOR WORKING OUT THE DETAILS FOR THE U.S. PROPOSAL ALMOST GUARANTEED THAT IT WOULD NOT BE ACCEPTED. HE STRESSED THAT THE NEXT U.S. MOVE WOULD BE VERY IMPORTANT AND HE IS MOST INTERESTED IN HAVING A CONTINUING DIALOGUE WITH US ON IT. HE SAID THAT THE NEXT REGULAR GEPLACEA MEETING SCHEDULED FOR OCTOBER IN JAMAICA WILL PROBABLY BE MOVED UP TO AUGUST IN ORDER TO PRECEDE NEXT ROUND OF ISA NEGOTIATIONS. NEITHER HE NOR EXECUTIVE SECRETARY JORGE BRIOSO PLAN TO ATTEND THE PRELIMINARY LONDON TALKS IN JULY.
- 4. EMBASSY WISHES TO POINT OUT THAT OUR GOOD RAPPORT WITH GEPLACEA OFFICIALS MAY OFFER USEFUL POSSIBILITY FOR TRYING OUT IDEAS PRIOR TO BEGINNING OF NEXT ISA TALKS. WE HAVE ALSO BEEN APPROACHED BY GOM OFFICIALS WHO REQUESTED DISCUSSION OF U.S. POSITION. WE WOULD, THEREFORE, APPRECIATE HAVING A STATEMENT OF CURRENT U.S. POSITION AND THEN ANY SUBSEQUENT CHANGES AS THEY OCCUR. THOMPSON

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TAGS: ETRD, MX, US, UNCTAD, GEPLACEA, ISA

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